

Message Text

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14

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02

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R 271956Z FEB 76

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 756

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E.O. 11652: N/A

TAGS: ETRD UY

SUBJECT: REMOVAL OF LEATHER CLOTHING FROM GSP LIST

REF: STATE 45224

FROM AMBASSADOR

1. THE FOREIGN OFFICE WILL BE INFORMED OF THE STR DECISION TO CONSIDER REMOVING LEATHER GARMENTS FROM OUR GSP ELIGIBILITY LIST. WHILE I THINK WE CAN EXPLAIN AND JUSTIFY THE LEGAL PROCESS REQUIRED TO REVIEW ELIGIBILITY, I WANT THE DEPARTMENT TO BE AWARE OF THE STRONGNEGATIVE REACTION THAT CAN BE ANTICIPATED HERE IF THESE ARE REMOVED FROM OUR LIST.

2. URUGUAY'S SHIPMENTS UNDER THIS TSUS ITEM ARE THE COUNTRY'S LARGEST EXPORT TO THE U.S., CONSTITUTING ALMOST 40 PERCENT OF THE TOTAL. BY THE SAME TOKEN THEY ARE MUCH THE LARGEST PART OF URUGUAY'S EXPORTS WHICH REASONABLY CAN BE EXPECTED TO BE BENEFITED BY OUR GSP. URUGUAY HAS AN UNFAVORABLE BALANCE OF TRADE WITH THE U.S. AND HAS PLACED HIGH HOPES ON THE GROWING CURRENT OF LEATHER

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GOODS EXPORTS TO REDRESS THE BALANCE.

3. GOU ECONOMIC POLICY, WHICH WE STRONGLY SUPPORT, IS SPECIFICALLY GEARED TO THE PROMOTION OF NON-TRADITIONAL EXPORTS, PARTICULARLY THOSE ITEMS PROCESSED FROM INDIGENOUS RAW MATERIALS. THE GOU IS COUNTING ON INCREASING THESE EXPORTS TO OVERCOME ITS SEVERE BALANCE OF PAYMENTS AND TRADE DEFICITS. AFTER MANY YEARS OF INWARD-LOOKING PROTECTIONIST POLICIES, THE GOU'S STRATEGY TO OPEN UP ITS ECONOMY THROUGH PROMOTING EXPORTS, AS WELL AS LOWERING BARRIERS TO IMPORTS, IS A WELCOME SHIFT TO A PHILOSOPHY WE FAVOR. TO RE-IMPOSE DUTIES ON THE COUNTRY'S MAJOR EXPORT TO THE UNITED STATES WOULD, IN MY OPINION, BE SEEN AS CALLOUS DISREGARD, IF NOT OUTRIGHT PERFIDIOUSNESS. THE SHORT TIME SPAN BETWEEN THE ANNOUNCEMENT OF OUR GSP CONCESSIONS, AND WHAT COULD BE THE WITHDRAWAL OF THIS TIEM, COULD WELL BE TAKEN AS A SIGN OF BAD FAITH.

4. AS THE EMBASSY HAS REPORTED, THE ANNOUNCEMENT OF OUR GSP PROGRAM RECEIVED IN URUGUAY, NOT ONLY BY THE GOVERNMENT, BUT ALSO BY THE PRESS AND BUSINESS CIRCLES. BASED ON DATA PROVIDED BY THE DEPARTMENT, WE HAVE POINTED CONSTRUCTIVELY TO THE IMPORTANT LEVEL OF TRADE COVERAGE OUR GSP PROCIDES HERE, AND HAVE RECEIVED IN RETURN A GENEROUS AMOUNT OF FAVORABLE PUBLICITY AND COMMENT ON THE FAIRNESS OF U.S. TRADE POLICY AS APPLIED TO URUGUAY. TO WITHDRAW THE MAJOR ITEM NOW WOULD PLAY RIGHT INTO THE HANDS OF THOSE WHO DOUBT THE SINCERITY OF OUR INTEREST IN LDS DEVELOPMENT AND CONFIRM THE WORST FEARS OF U.S. PROTECTIONISM.

5. FOR ALL OF THE FOREGOING REASONS, I STRONGLY URGE THE DEPARTMENT TO OPPOSE THIS REVISION OF THE GSP. WHILE I CANNOT COMMENT ON THE SITUATION OF U.S. PRODUCERS, IT IS MY IMPRESSION THAT LEATHER CLOTHING ENJOYS A GROWING MARKET IN THE U.S. AND THE TRADE FIGURES PROCIDED IN THE REFTEL INDICATE THAT MANY LDS'S HAVE A MODEST INTEREST IN IT. IN THE CASE OF URUGUAY, A SMALL COUNTRY WITH LIMITED EXPORT POSSIBILITIES WHICH HAS BEEN GREVIOUSLY HURT BY HIGH ENERGY PRICES AND INTERNATIONAL MARKET RESTRICTIONS, ITS INTEREST IN THIS MARKET IS VERY IMPORTANT.

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Message Attributes

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Draft Date: 27 FEB 1976
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
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Margaret P. Grafeld
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